



# Health Care Facility Blueprint Review

Fiscal Impact (\$000s)	FY 2014	FY 2015	FY 2016	FY 2017
State Government Special Rev				
Expenditures	0	0	0	0
Revenues	390	390	390	390
Net Fiscal Impact	(390)	(390)	(390)	(390)

## Summary

This proposal establishes a new fee for the current activity of reviewing construction plans, specifications, and related documents for health care facilities regulated by the Minnesota Department of Health (MDH) before construction is begun.

## Background

The Compliance Monitoring (CM) Division of the Minnesota Department of Health licenses health care facilities including: hospitals, nursing homes, boarding care homes, supervised living facilities, residential hospices, and freestanding outpatient surgical centers. CM certifies all of these health care facilities plus End Stage Renal Disease facilities on behalf of the federal Centers for Medicare and Medicaid Services (CMS). CMS pays for onsite inspections of completed construction projects for these health care facilities but does not pay for any pre-construction plan review activities.

These health care facilities serve a very vulnerable population of patients, residents, and clients. Many of these facilities treat and house patients 24 hours a day and seven days a week. Health care facility

physical plant standards are tailored for the provision of health services. Examples of areas covered are bedrooms, corridors, construction materials, toilet facilities, heating, cooling and ventilation, patient food preparation, plumbing, laundry and waste areas.

Long before an onsite inspection is conducted, CM's Engineering Services Section (ESS) provides a valuable service to health care facilities by reviewing plans and specifications for the new structure or changes. CM engineers review plans with architects, developers and providers in depth and answer questions along the way. The ESS reviews the plans to determine state licensing and federal certification compliance. The cost of this service is currently about \$390,000 per year. There are no fees being collected to cover the cost of this specific service. As a result, this activity is currently paid for out of the licensing fees so that all licensed facilities pay for this activity instead of only those seeking changes to their physical plant.

### For more information:

Legislative Liaison Matthew Collie, 651-201-5808  
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### **Proposal**

This new fee would generate \$390,000/year, which would recoup the costs of providing the plan reviews. The fees range from \$30 to \$4,800 depending on the estimated construction project cost to the facility. The ESS conducts an average of 213 plan reviews every year. Every construction project is unique. Some projects are very large replacements of or additions to health care facilities, and some projects are very small remodeling changes. The proposed fees were designed to account for the small projects and are based on the cost of the construction project.

### **Rationale**

The cost of providing this unfunded activity is contributing to a growing deficit in the State Government Special Revenue Fund account for health care facilities. If this fee proposal is not implemented, MDH would have to reduce or cease the activity. Not doing construction plan reviews well in advance and assisting architects and developers during the process means that facilities might risk a serious physical plant issues which could jeopardize licensing/certification status and funding, or cost a considerable amount of money to repair or replace.

In establishing this fee, Minnesota joins numerous other states, including Indiana, Michigan, North Dakota, Washington and Wisconsin which already have fees for reviewing blueprints.

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